

_____ BILL NO. _____

INTRODUCED BY _____
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING SCHOOL FUNDING BY IMPOSING STATEWIDE MILL LEVIES FOR BASE FUNDING, RETIREMENT OBLIGATIONS, AND SCHOOL TRANSPORTATION; INCLUDING 140 PERCENT OF SPECIAL EDUCATION COSTS IN BASE AID; ELIMINATING DISTRICT LEVIES FOR BASE FUNDING AND COUNTY LEVIES FOR RETIREMENT AND TRANSPORTATION; ELIMINATING GUARANTEED TAX BASE AID FOR PROGRAMS SUPPORTED BY THE STATEWIDE LEVIES; PROVIDING APPROPRIATIONS; AMENDING SECTIONS 17-3-213, 20-3-106, 20-3-209, 20-3-324, 20-6-702, 20-9-104, 20-9-141, 20-9-212, 20-9-306, 20-9-308, 20-9-343, 20-9-344, 20-9-346, 20-9-347, 20-9-351, 20-9-366, 20-9-367, 20-9-369, 20-9-439, 20-9-501, 20-9-515, 20-9-620, 20-9-630, 20-10-104, 20-10-144, 20-10-145, AND 20-10-146, MCA; REPEALING SECTION 20-9-368, MCA; AND PROVIDING EFFECTIVE DATES AND APPLICABILITY DATES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-3-213, MCA, is amended to read:

"17-3-213. Allocation of forest reserve funds and other federal funds -- options provided in federal law. (1) The board of county commissioners in each county shall decide among payment options provided in subsections (2) through (4), as provided in Public Law 106-393, to determine how the forest reserve funds and Public Law 106-393 funds apportioned to each county must be distributed by the county treasurer pursuant to this section.

(2) If a board of county commissioners chooses to receive a payment that is 25% of the revenue derived from national forest system lands, as provided in 16 U.S.C. 500, all funds received must be distributed as provided in subsection (5).

(3) (a) Except as provided in subsection (4), if a county elects to receive the county's full payment under Public Law 106-393, a minimum of 80% up to a maximum of 85% of the county's full payment must be designated by the county for distribution as provided in subsection (5).

(b) The balance not distributed pursuant to subsection (3)(a) may be allocated by the county in accordance with Public Law 106-393.

(4) If a county's full payment is less than \$100,000, the county may elect to distribute up to 100% of the payment as provided in subsection (5).

(5) The total amount designated by a county in accordance with subsection (3)(a) or (4) must be distributed as follows:

(a) to the general road fund, 66 2/3% of the amount designated;

(b) to the following countywide school ~~levies~~ funds, 33 1/3% of the amount designated:

(i) county equalization for elementary schools provided for in 20-9-331;

(ii) county equalization for high schools provided for in 20-9-333;

(iii) the county transportation fund provided for in 20-10-146; and

(iv) the elementary and high school district retirement fund obligations provided for in 20-9-501.

(6) The apportionment of money to the funds provided for under subsection (5)(b) must be made by the county superintendent ~~based on the proportion that the mill levy of each fund bears to the total number of mills equally for all the funds. Whenever the total amount of money available for apportionment under subsection (5)(b) is greater than the total requirements of a levy, the excess money and any interest income must be retained in a separate reserve fund, to be reappportioned in the ensuing school fiscal year to the levies designated in subsection (5)(b).~~

(7) In counties in which special road districts have been created according to law, the board of county commissioners shall distribute a proportionate share of the 66 2/3% distributed under subsection (5)(b) for the general road fund to the special road districts within the county based upon the percentage that the total area of the road district bears to the total area of the entire county."

Section 2. Section 20-3-106, MCA, is amended to read:

"20-3-106. Supervision of schools -- powers and duties. The superintendent of public instruction has the general supervision of the public schools and districts of the state and shall perform the following duties or acts in implementing and enforcing the provisions of this title:

(1) resolve any controversy resulting from the proration of costs by a joint board of trustees under the provisions of 20-3-362;

(2) issue, renew, or deny teacher certification and emergency authorizations of employment;

(3) negotiate reciprocal tuition agreements with other states in accordance with the provisions of 20-5-314;

(4) approve or disapprove the opening or reopening of a school in accordance with the provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-505;

(5) approve or disapprove school isolation within the limitations prescribed by 20-9-302;

(6) generally supervise the school budgeting procedures prescribed by law in accordance with the provisions of 20-9-102 and prescribe the school budget format in accordance with the provisions of 20-9-103 and 20-9-506;

(7) establish a system of communication for calculating joint district revenue in accordance with the provisions of 20-9-151;

(8) approve or disapprove the adoption of a district's budget amendment resolution under the conditions prescribed in 20-9-163 and adopt rules for an application for additional direct state aid for a budget amendment in accordance with the approval and disbursement provisions of 20-9-166;

(9) generally supervise the school financial administration provisions as prescribed by 20-9-201(2);

(10) prescribe and furnish the annual report forms to enable the districts to report to the county superintendent in accordance with the provisions of 20-9-213(6) and the annual report forms to enable the county superintendents to report to the superintendent of public instruction in accordance with the provisions of 20-3-209;

(11) approve, disapprove, or adjust an increase of the average number belonging (ANB) in accordance with the provisions of 20-9-313 and 20-9-314;

(12) distribute BASE aid and special education allowable cost payments in support of the BASE funding program in accordance with the provisions of 20-9-331, 20-9-333, 20-9-342, 20-9-346, 20-9-347, ~~and 20-9-366,~~ through 20-9-367, and 20-9-369;

(13) provide for the uniform and equal provision of transportation by performing the duties prescribed by the provisions of 20-10-112;

(14) request, accept, deposit, and expend federal money in accordance with the provisions of 20-9-603;

(15) authorize the use of federal money for the support of an interlocal cooperative agreement in accordance with the provisions of 20-9-703 and 20-9-704;

(16) prescribe the form and contents of and approve or disapprove interstate contracts in accordance with the provisions of 20-9-705;

(17) recommend standards of accreditation for all schools to the board of public education and evaluate compliance with the standards and recommend accreditation status of every school to the board of public education in accordance with the provisions of 20-7-101 and 20-7-102;

(18) collect and maintain a file of curriculum guides and assist schools with instructional programs in accordance with the provisions of 20-7-113 and 20-7-114;

(19) establish and maintain a library of visual, aural, and other educational media in accordance with the provisions of 20-7-201;

(20) license textbook dealers and initiate prosecution of textbook dealers violating the law in accordance with the provisions of the textbooks part of this title;

(21) as the governing agent and executive officer of the state of Montana for K-12 career and vocational/technical education, adopt the policies prescribed by and in accordance with the provisions of 20-7-301;

(22) supervise and coordinate the conduct of special education in the state in accordance with the provisions of 20-7-403;

(23) administer the traffic education program in accordance with the provisions of 20-7-502;

(24) administer the school food services program in accordance with the provisions of 20-10-201 through 20-10-203;

(25) review school building plans and specifications in accordance with the provisions of 20-6-622;

(26) provide schools with information and technical assistance for compliance with the student assessment rules provided for in 20-2-121 and collect and summarize the results of the student assessment for the board of public education and the legislature;

(27) upon request and in compliance with confidentiality requirements of state and federal law, disclose to interested parties all school district student assessment data for a test required by the board of public education;

(28) administer the distribution of guaranteed tax base aid in accordance with 20-9-366, 20-9-367, ~~through~~ and 20-9-369; and

(29) perform any other duty prescribed from time to time by this title, any other act of the legislature, or the policies of the board of public education."

Section 3. Section 20-3-209, MCA, is amended to read:

"20-3-209. Annual report. The county superintendent of each county shall submit an annual report to the superintendent of public instruction not later than the second Monday in September. The report must be completed on the forms supplied by the superintendent of public instruction and must include:

- 1 (1) the final budget information for each district of the county, as prescribed by 20-9-134(1);
- 2 (2) the revenue amounts used to establish the ~~levy~~ budget requirements for the county school fund
- 3 supporting school district transportation schedules, as prescribed by 20-10-146, and for the ~~county~~ school funds
- 4 supporting elementary and high school district retirement obligations, as prescribed by 20-9-501;
- 5 (3) the financial activities of each district of the county for the immediately preceding school fiscal year
- 6 as provided by the trustees' annual report to the county superintendent under the provisions of 20-9-213(6); and
- 7 (4) any other information that may be requested by the superintendent of public instruction that is within
- 8 the superintendent's authority prescribed by this title."

9

10 **Section 4.** Section 20-3-324, MCA, is amended to read:

11 **"20-3-324. Powers and duties.** As prescribed elsewhere in this title, the trustees of each district shall:

- 12 (1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the district
- 13 superintendent, the county high school principal, or other principal as the board considers necessary, accepting
- 14 or rejecting any recommendation as the trustees in their sole discretion determine, in accordance with the
- 15 provisions of Title 20, chapter 4;
- 16 (2) employ and dismiss administrative personnel, clerks, secretaries, teacher aides, custodians,
- 17 maintenance personnel, school bus drivers, food service personnel, nurses, and any other personnel considered
- 18 necessary to carry out the various services of the district;
- 19 (3) administer the attendance and tuition provisions and govern the pupils of the district in accordance
- 20 with the provisions of the pupils chapter of this title;
- 21 (4) call, conduct, and certify the elections of the district in accordance with the provisions of the school
- 22 elections chapter of this title;
- 23 (5) participate in the teachers' retirement system of the state of Montana in accordance with the
- 24 provisions of the teachers' retirement system chapter of Title 19;
- 25 (6) participate in district boundary change actions in accordance with the provisions of the districts
- 26 chapter of this title;
- 27 (7) organize, open, close, or acquire isolation status for the schools of the district in accordance with the
- 28 provisions of the school organization part of this title;
- 29 (8) adopt and administer the annual budget or a budget amendment of the district in accordance with
- 30 the provisions of the school budget system part of this title;

(9) conduct the fiscal business of the district in accordance with the provisions of the school financial administration part of this title;

(10) subject to 15-10-420, establish the ANB, ~~BASE budget levy~~, over-BASE budget levy, additional levy, operating reserve, and state impact aid amounts for the general fund of the district in accordance with the provisions of the general fund part of this title;

(11) establish, maintain, budget, and finance the transportation program of the district in accordance with the provisions of the transportation parts of this title;

(12) issue, refund, sell, budget, and redeem the bonds of the district in accordance with the provisions of the bonds parts of this title;

(13) when applicable, establish, financially administer, and budget for the tuition fund, retirement fund, building reserve fund, adult education fund, nonoperating fund, school food services fund, miscellaneous programs fund, building fund, lease or rental agreement fund, traffic education fund, impact aid fund, interlocal cooperative agreement fund, and other funds as authorized by the state superintendent of public instruction in accordance with the provisions of the other school funds parts of this title;

(14) when applicable, administer any interlocal cooperative agreement, gifts, legacies, or devises in accordance with the provisions of the miscellaneous financial parts of this title;

(15) hold in trust, acquire, and dispose of the real and personal property of the district in accordance with the provisions of the school sites and facilities part of this title;

(16) operate the schools of the district in accordance with the provisions of the school calendar part of this title;

(17) set the length of the school term, school day, and school week in accordance with 20-1-302;

(18) establish and maintain the instructional services of the schools of the district in accordance with the provisions of the instructional services, textbooks, K-12 career and vocational/technical education, and special education parts of this title;

(19) establish and maintain the school food services of the district in accordance with the provisions of the school food services parts of this title;

(20) make reports from time to time as the county superintendent, superintendent of public instruction, and board of public education may require;

(21) retain, when considered advisable, a physician or registered nurse to inspect the sanitary conditions of the school or the general health conditions of each pupil and, upon request, make available to any parent or

guardian any medical reports or health records maintained by the district pertaining to the child;

(22) for each member of the trustees, visit each school of the district not less than once each school fiscal year to examine its management, conditions, and needs, except trustees from a first-class school district may share the responsibility for visiting each school in the district;

(23) procure and display outside daily in suitable weather on school days at each school of the district an American flag that measures not less than 4 feet by 6 feet;

(24) provide that an American flag that measures approximately 12 inches by 18 inches be prominently displayed in each classroom in each school of the district, except in a classroom in which the flag may get soiled. This requirement is waived if the flags are not provided by a local civic group.

(25) adopt and administer a district policy on assessment for placement of any child who enrolls in a school of the district from a nonpublic school that is not accredited, as required in 20-5-110;

(26) upon request and in compliance with confidentiality requirements of state and federal law, disclose to interested parties school district student assessment data for any test required by the board of public education;

(27) consider and may enter into an interlocal agreement with a postsecondary institution, as defined in 20-9-706, that authorizes 11th and 12th grade students to obtain credits through classes available only at a postsecondary institution;

(28) approve or disapprove the conduct of school on a Saturday in accordance with the provisions of 20-1-303;

(29) consider and, if advisable for a high school or K-12 district, establish a student financial institution, as defined in 32-1-115; and

(30) perform any other duty and enforce any other requirements for the government of the schools prescribed by this title, the policies of the board of public education, or the rules of the superintendent of public instruction."

Section 5. Section 20-6-702, MCA, is amended to read:

"20-6-702. Funding for K-12 school districts. (1) Notwithstanding the provisions of subsections (2) through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions of law for high school districts.

(2) The number of elected trustees of the K-12 school district must be based on the classification of the

1 attached elementary district under the provisions of 20-3-341 and 20-3-351.

2 (3) Calculations for the following must be made separately for the elementary school program and the
3 high school program of a K-12 school district:

4 (a) the calculation of ANB for purposes of determining the total per-ANB entitlements must be in
5 accordance with the provisions of 20-9-311; and

6 (b) the ~~basic county tax for elementary equalization and revenue~~ budget for the elementary BASE
7 funding program for the district must be determined in accordance with the provisions of 20-9-331, and the ~~basic~~
8 ~~county tax for high school equalization and revenue~~ budget for the high school BASE funding program for the
9 district must be determined in accordance with 20-9-333; ~~and~~

10 ~~—— (c) the guaranteed tax base aid for BASE funding program purposes for a K-12 school district must be~~
11 ~~calculated separately, using each district's guaranteed tax base ratio, as defined in 20-9-366. The BASE budget~~
12 ~~levy to be levied for the K-12 school district must be prorated based on the ratio of the BASE funding program~~
13 ~~amounts for elementary school programs to the BASE funding program amounts for high school programs.~~

14 (4) The retirement obligation ~~and eligibility for retirement guaranteed tax base aid~~ for a K-12 school
15 district must be calculated ~~and funded~~ as a high school district retirement obligation under the provisions of
16 20-9-501.

17 (5) For the purposes of budgeting for a K-12 school district, the trustees shall adopt a single fund for any
18 of the budgeted or nonbudgeted funds described in 20-9-201 for the costs of operating all grades and programs
19 of the district.

20 (6) Tuition for attendance in the K-12 school district must be determined separately for high school pupils
21 and for elementary pupils under the provisions of 20-5-320 through 20-5-324, except that the actual expenditures
22 used for calculations in 20-5-323 must be based on an amount prorated between the elementary and high school
23 programs in the appropriate funds of each district in the year prior to the attachment of the districts."
24

25 **Section 6.** Section 20-9-104, MCA, is amended to read:

26 **"20-9-104. General fund operating reserve.** (1) At the end of each school fiscal year, the trustees of
27 each district shall designate the portion of the general fund end-of-the-year fund balance that is to be earmarked
28 as operating reserve for the purpose of paying general fund warrants issued by the district from July 1 to
29 November 30 of the ensuing school fiscal year. Except as provided in subsections (5) and (6), the amount of the
30 general fund balance that is earmarked as operating reserve may not exceed 10% of the final general fund

budget for the ensuing school fiscal year.

(2) The amount held as operating reserve may not be used for property tax reduction in the manner permitted by 20-9-141(1)(b) for other receipts.

(3) Excess reserves as provided in subsection (5) may be appropriated to reduce the BASE budget levy; the over-BASE budget levy; or the additional levy provided by 20-9-353.

(4) Any portion of the general fund end-of-the-year fund balance that is not reserved under subsection (2) or reappropriated under subsection (3) is fund balance reappropriated and must be used for property tax reduction as provided in 20-9-141(1)(b).

(5) The limitation of subsection (1) does not apply when the amount in excess of the limitation is equal to or less than the unused balance of any amount:

(a) received in settlement of tax payments protested in a prior school fiscal year;

(b) received in taxes from a prior school fiscal year as a result of a tax audit by the department of revenue or its agents; or

(c) received in delinquent taxes from a prior school fiscal year.

(6) The limitation of subsection (1) does not apply when the amount earmarked as operating reserve is \$10,000 or less."

Section 7. Section 20-9-141, MCA, is amended to read:

"20-9-141. Computation of general fund net levy requirement by county superintendent. (1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:

(a) Determine the funding required for the district's final general fund budget less the sum of direct state aid and the special education allowable cost payment for the district by totaling:

~~—— (i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in 20-9-303; and~~

~~—— (ii) determining~~ any general fund budget amount adopted by the trustees of the district under the provisions of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the maximum general fund budget.

(b) Determine the money available for the reduction of the property tax on the district for the general fund by totaling:

1 (i) the general fund balance reappropriated, as established under the provisions of 20-9-104;
2 (ii) amounts received in the last fiscal year for which revenue reporting was required for each of the
3 following:

4 (A) interest earned by the investment of general fund cash in accordance with the provisions of
5 20-9-213(4); and

6 (B) any other revenue received during the school fiscal year that may be used to finance the general
7 fund, ~~excluding any guaranteed tax base aid;~~

8 (iii) anticipated oil and natural gas production taxes;

9 (iv) pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703; and

10 (v) school district block grants distributed under 20-9-630.

11 (c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property
12 tax required to finance the general fund that has been determined in subsection (1)(b) from any general fund
13 budget amount adopted by the trustees of the district, up to the BASE budget amount, to determine the general
14 fund BASE budget levy requirement.

15 (d) Determine the sum of any amount remaining after the determination in subsection (1)(c) and any
16 tuition payments for out-of-district pupils to be received under the provisions of 20-5-320 through 20-5-324, except
17 the amount of tuition received for a pupil who is a child with a disability in excess of the amount received for a
18 pupil without disabilities, as calculated under 20-5-323(2).

19 (e) Subtract the amount determined in subsection (1)(d) from any additional funding requirement to be
20 met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as
21 provided in 20-9-353 to determine any additional general fund levy requirements.

22 (2) The county superintendent shall calculate the number of mills to be levied on the taxable property
23 in the district to finance the general fund levy requirement ~~for any amount that does not exceed the BASE budget~~
24 ~~amount for the district by dividing the amount determined in subsection (1)(c) by the sum of:~~

25 ~~—— (a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified~~
26 ~~by the superintendent of public instruction; and~~

27 ~~—— (b) the current total taxable valuation of the district, as certified by the department of revenue under~~
28 ~~15-10-202, divided by 1,000.~~

29 (3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported
30 to the county commissioners on the fourth Monday of August by the county superintendent as the general fund

1 net levy requirement for the district, and a levy must be set by the county commissioners in accordance with
2 20-9-142.

3 (4) For each school district, the department of revenue shall calculate and report to the county
4 superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross
5 proceeds under 15-23-703."

6
7 **Section 8.** Section 20-9-212, MCA, is amended to read:

8 **"20-9-212. Duties of county treasurer.** The county treasurer of each county:

9 (1) must receive and shall hold all school money subject to apportionment and keep a separate
10 accounting of its apportionment to the several districts that are entitled to a portion of the money according to the
11 apportionments ordered by the county superintendent or by the superintendent of public instruction. A separate
12 accounting must be maintained for each county fund supported by a countywide levy for a specific, authorized
13 purpose, including:

14 (a) the basic county tax for elementary equalization;

15 (b) the basic county tax for high school equalization;

16 (c) the state tax for BASE funding;

17 ~~(e)~~(d) the ~~county~~ state tax in support of the transportation schedules;

18 ~~(d)~~(e) the ~~county~~ state tax in support of the elementary and high school district retirement obligations;

19 and

20 ~~(e)~~(f) any other county tax for schools, including the community colleges, that may be authorized by law
21 and levied by the county commissioners.

22 (2) whenever requested, shall notify the county superintendent and the superintendent of public
23 instruction of the amount of county school money on deposit in each of the funds enumerated in subsection (1)
24 and the amount of any other school money subject to apportionment and apportion the county and other school
25 money to the districts in accordance with the apportionment ordered by the county superintendent or the
26 superintendent of public instruction;

27 (3) shall keep a separate accounting of the receipts, expenditures, and cash balances for each fund;

28 (4) except as otherwise limited by law, shall pay all warrants properly drawn on the county or district
29 school money;

30 (5) must receive all revenue collected by and for each district and shall deposit these receipts in the fund

designated by law or by the district if a fund is not designated by law. Interest and penalties on delinquent school taxes must be credited to the same fund and district for which the original taxes were levied.

(6) shall send all revenue received for a joint district, part of which is situated in the county, to the county treasurer designated as the custodian of the revenue, no later than December 15 of each year and every 3 months after that date until the end of the school fiscal year;

(7) at the direction of the trustees of a district, shall assist the district in the issuance and sale of tax and revenue anticipation notes as provided in Title 7, chapter 6, part 11;

(8) shall register district warrants drawn on a budgeted fund in accordance with 7-6-2604 when there is insufficient money available in all funds of the district to make payment of the warrant. Redemption of registered warrants must be made in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

(9) when directed by the trustees of a district, shall invest the money of the district within 3 working days of the direction;

(10) each month, shall give to the trustees of each district an itemized report for each fund maintained by the district, showing the paid warrants, registered warrants, interest distribution, amounts and types of revenue received, and the cash balance;

(11) shall remit promptly to the department of revenue receipts for the county tax for a vocational-technical program within a unit of the university system when levied by the board of county commissioners under the provisions of 20-25-439;

(12) shall invest the money received from the basic county taxes for elementary and high school equalization, the state levy for BASE funding, the county state levy in support of the elementary and high school district retirement obligations, and the county state levy in support of the transportation schedules within 3 working days of receipt. The money must be invested until the working day before it is required to be distributed to school districts within the county or remitted to the state. Clerks of a school district shall provide a minimum of 30 hours' notice in advance of cash demands to meet payrolls, claims, and electronic transfers that are in excess of \$50,000, pursuant to 20-3-325. If a clerk of a district fails to provide the required 30-hour notice, the county treasurer shall assess a fee equal to any charges demanded by the state investment pool or other permissible investment manager for improperly noticed withdrawal of funds. Permissible investments are specified in 20-9-213(4). All investment income must be deposited, and credited proportionately, in the funds established to account for the taxes received for the purposes specified in subsections (1)(a) through ~~(1)(d)~~ (1)(e).

(13) shall remit on a monthly basis to the department of revenue, as provided in 15-1-504, all county

1 equalization revenue received under the provisions of 20-9-331 and 20-9-333, including all interest earned, in
2 repayment of the state advance for county equalization prescribed in 20-9-347. Any funds in excess of a state
3 advance must be used as required in 20-9-331(1)(b) and 20-9-333(1)(b)."

4
5 **Section 9.** Section 20-9-306, MCA, is amended to read:

6 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following
7 definitions apply:

8 (1) "BASE" means base amount for school equity.

9 (2) "BASE aid" means:

10 (a) direct state aid for ~~44.7%~~ 80% of the basic entitlement, and ~~44.7%~~ 80% of the total per-ANB
11 entitlement for the general fund budget of a district, and 140% of the special education allowable cost payment;

12 ~~(b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement,~~
13 ~~up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the~~
14 ~~special education allowable cost payment;~~

15 ~~(e)(b)~~ the total quality educator payment;

16 ~~(d)(c)~~ the total at-risk student payment;

17 ~~(e)(d)~~ the total Indian education for all payment; and

18 ~~(f)(e)~~ the total American Indian achievement gap payment.

19 (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic
20 entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100% of the total
21 at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian
22 achievement gap payment, and 140% of the special education allowable cost payment.

23 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, ~~which may~~
24 ~~be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through~~
25 ~~20-9-369.~~

26 (5) "BASE funding program" means the state program for the equitable distribution of the state's share
27 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization
28 aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the
29 BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

30 (6) "Basic entitlement" means:

1 (a) \$230,199 for each high school district;

2 (b) \$20,718 for each elementary school district or K-12 district elementary program without an approved
3 and accredited junior high school or middle school; and

4 (c) the prorated entitlement for each elementary school district or K-12 district elementary program with
5 an approved and accredited junior high school or middle school, calculated as follows using either the current
6 year ANB or the 3-year ANB provided for in 20-9-311:

7 (i) \$20,718 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of kindergarten
8 through grade 8; plus

9 (ii) \$230,199 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through grade
10 8.

11 (7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to
12 20-9-311.

13 (8) "Direct state aid" means ~~44.7%~~ 80% of the basic entitlement and ~~44.7%~~ 80% of the total per-ANB
14 entitlement for the general fund budget of a district and funded with state and county equalization aid.

15 (9) "Maximum general fund budget" means a district's general fund budget amount calculated from the
16 basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator payment,
17 the total at-risk student payment, the total Indian education for all payment, the total American Indian achievement
18 gap payment, and the greater of:

19 (a) 175% of special education allowable cost payments; or

20 (b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures
21 to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a
22 maximum allowable ratio of 200%.

23 (10) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted
24 that is above the BASE budget and below the maximum general fund budget for a district.

25 (11) "Total American Indian achievement gap payment" means the payment resulting from multiplying
26 \$200 times the number of American Indian students enrolled in the district as provided in 20-9-330.

27 (12) "Total at-risk student payment" means the payment resulting from the distribution of any funds
28 appropriated for the purposes of 20-9-328.

29 (13) "Total Indian education for all payment" means the payment resulting from multiplying \$20.40 times
30 the ANB of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.

(14) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

(a) for a high school district or a K-12 district high school program, a maximum rate of \$5,704 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school or middle school, a maximum rate of \$4,456 for the first ANB is decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school or middle school, the sum of:

(i) a maximum rate of \$4,456 for the first ANB for kindergarten through grade 6 is decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of \$5,704 for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB.

(15) "Total quality educator payment" means the payment resulting from multiplying \$2,000 times the number of full-time equivalent educators as provided in 20-9-327."

Section 10. Section 20-9-308, MCA, is amended to read:

"20-9-308. (Temporary) BASE budgets and maximum general fund budgets. (1) The trustees of a district shall adopt a general fund budget that is at least equal to the BASE budget established for the district and, except as provided in subsection (3), does not exceed the maximum general fund budget established for the district.

(2) Whenever the trustees of a district adopt a general fund budget that exceeds the BASE budget for the district but does not exceed the maximum general fund budget for the district, the trustees shall submit a proposition to the electors of the district, as provided in 20-9-353.

(3) (a) (i) Except as provided in subsections (3)(a)(ii) and (3)(b), the trustees of a school district whose previous year's general fund budget exceeds the current year's maximum general fund budget amount may adopt

1 a general fund budget up to the maximum general fund budget amount or the previous year's general fund
2 budget, whichever is greater. Except as provided in subsection (3)(b), a school district may adopt a budget under
3 the criteria of this subsection (3)(a)(i) for a maximum of 5 consecutive years, but the trustees shall adopt a plan
4 to reach the maximum general fund budget by no later than the end of the 5-year period.

5 (ii) Except as provided in subsection (3)(b), the trustees of a district whose general fund budget was
6 above the maximum general fund budget established by Chapter 38, Special Laws of November 1993, and
7 whose general fund budget has continued to exceed the district's maximum general fund budget in each school
8 fiscal year after school fiscal year 1993 may continue to adopt a general fund budget that exceeds the maximum
9 general fund budget. However, the budget adopted for the current year may not exceed the lesser of:

10 (A) the adopted budget for the previous year; or

11 (B) the district's maximum general fund budget for the current year plus the over maximum budget
12 amount adopted for the previous year.

13 (b) A school district that adopted a general fund budget over its maximum general fund budget under
14 any provision of subsection (3)(a) at any time between fiscal year 2001 and fiscal year 2005 may, for fiscal year
15 2006 and fiscal year 2007, adopt the greater of its maximum general fund budget or the highest actual budget
16 adopted between fiscal year 2001 and fiscal year 2005.

17 (c) Except as provided in 20-9-353(8), the trustees of the district shall submit a proposition to raise any
18 general fund budget amount that is in excess of the maximum general fund budget for the district to the electors
19 who are qualified under 20-20-301 to vote on the proposition, as provided in 20-9-353.

20 (4) The BASE budget for the district must be financed by the following sources of revenue:

21 (a) state equalization aid, as provided in 20-9-343, ~~including any guaranteed tax base aid for which the~~
22 ~~district may be eligible, as provided in 20-9-366 through 20-9-369;~~

23 (b) county equalization aid, as provided in 20-9-331 and 20-9-333;

24 (c) a district levy for support of a school not approved as an isolated school under the provisions of
25 20-9-302;

26 (d) payments in support of special education programs under the provisions of 20-9-321; and

27 (e) nonlevy revenue, as provided in 20-9-141; and

28 ~~—— (f) a BASE budget levy on the taxable value of all property within the district.~~

29 (5) The over-BASE budget amount of a district must be financed by a levy on the taxable value of all
30 property within the district or other revenue available to the district, as provided in 20-9-141. (Terminates June

1 30, 2007--sec. 3, Ch. 190, L. 2005; sec. 25(2), Ch. 462, L. 2005.)

2 **20-9-308. (Effective July 1, 2007) BASE budgets and maximum general fund budgets.** (1) The
3 trustees of a district shall adopt a general fund budget that is at least equal to the BASE budget established for
4 the district and, except as provided in subsection (3), does not exceed the maximum general fund budget
5 established for the district.

6 (2) Whenever the trustees of a district adopt a general fund budget that exceeds the BASE budget for
7 the district but does not exceed the maximum general fund budget for the district, the trustees shall submit a
8 proposition to the electors of the district, as provided in 20-9-353.

9 (3) (a) (i) Except as provided in subsection (3)(a)(ii), the trustees of a school district whose previous
10 year's general fund budget exceeds the current year's maximum general fund budget amount may adopt a
11 general fund budget up to the maximum general fund budget amount or the previous year's general fund budget,
12 whichever is greater. A school district may adopt a budget under the criteria of this subsection (3)(a)(i) for a
13 maximum of 5 consecutive years, but the trustees shall adopt a plan to reach the maximum general fund budget
14 by no later than the end of the 5-year period. A school district whose adopted general fund budget for the
15 previous year exceeds the maximum general fund budget for the current year and whose ANB for the previous
16 year exceeds the ANB for the current year by 30% or more shall reduce its adopted budget by:

17 (A) in the first year, 20% of the range between the district's adopted general fund budget for the previous
18 school fiscal year and the maximum general fund budget for the current school fiscal year;

19 (B) in the second year, 25% of the range between the district's adopted general fund budget for the
20 previous school fiscal year and the maximum general fund budget for the current school fiscal year;

21 (C) in the third year, 33.3% of the range between the district's adopted general fund budget for the
22 previous school fiscal year and the maximum general fund budget for the current school fiscal year;

23 (D) in the fourth year, 50% of the range between the district's adopted general fund budget for the
24 previous school fiscal year and the maximum general fund budget for the current school fiscal year; and

25 (E) in the fifth year, the remainder of the range between the district's adopted general fund budget for
26 the previous school fiscal year and the maximum general fund budget for the current school fiscal year.

27 (ii) The trustees of a district whose general fund budget was above the maximum general fund budget
28 established by Chapter 38, Special Laws of November 1993, and whose general fund budget has continued to
29 exceed the district's maximum general fund budget in each school fiscal year after school fiscal year 1993 may
30 continue to adopt a general fund budget that exceeds the maximum general fund budget. However, the budget

adopted for the current year may not exceed the lesser of:

(A) the adopted budget for the previous year; or

(B) the district's maximum general fund budget for the current year plus the over maximum budget amount adopted for the previous year.

(b) The trustees of the district shall submit a proposition to raise any general fund budget amount that is in excess of the maximum general fund budget for the district to the electors who are qualified under 20-20-301 to vote on the proposition, as provided in 20-9-353.

(4) The BASE budget for the district must be financed by the following sources of revenue:

(a) state equalization aid, as provided in 20-9-343, ~~including any guaranteed tax base aid for which the district may be eligible, as provided in 20-9-366 through 20-9-369;~~

(b) county equalization aid, as provided in 20-9-331 and 20-9-333;

(c) a district levy for support of a school not approved as an isolated school under the provisions of 20-9-302;

(d) payments in support of special education programs under the provisions of 20-9-321; and

(e) nonlevy revenue, as provided in 20-9-141; ~~and~~

~~—— (f) a BASE budget levy on the taxable value of all property within the district.~~

(5) The over-BASE budget amount of a district must be financed by a levy on the taxable value of all property within the district or other revenue available to the district, as provided in 20-9-141."

NEW SECTION. Section 11. Tax levy for BASE aid. There is a levy of 60 mills imposed by the county commissioners of each county on all taxable property within the county, except property for which a tax or fee is required under 61-3-321(2) or (3), 61-3-529, 61-3-537, 61-3-562, 61-3-570, and 67-3-204. Proceeds of the levy must be remitted to the department of revenue, as provided in 15-1-504, and must be deposited to the credit of the state general fund for BASE aid to the public schools of Montana.

Section 12. Section 20-9-343, MCA, is amended to read:

"20-9-343. Definition of and revenue for state equalization aid. (1) As used in this title, the term "state equalization aid" means revenue as required in this section for:

(a) distribution to the public schools for ~~guaranteed tax base aid~~, BASE aid, state reimbursement for school facilities, and grants for school technology purchases; and

(b) negotiated payments authorized under 20-7-420(3) up to \$500,000 a biennium.

(2) The superintendent of public instruction may spend throughout the biennium funds appropriated for the purposes of ~~guaranteed tax base aid~~; BASE aid for the BASE funding program, state retirement payments, state transportation payments, state reimbursement for school facilities, negotiated payments authorized under 20-7-420(3), and school technology purchases.

~~(3) From July 1, 2001, through June 30, 2003, the following money must be paid into the guarantee account provided for in 20-9-622 for the public schools of the state as indicated:~~

~~—— (a) interest and income money described in 20-9-341 and 20-9-342; and~~

~~—— (b) investment income earned by investing interest and income money described in 20-9-341 and 20-9-342.~~

~~(4)(3) Beginning July 1, 2003, the~~ The following money must be paid into the guarantee account provided for in 20-9-622 for the public schools of the state as indicated:

(a) (i) subject to subsection ~~(4)(a)(iii)~~ (3)(a)(ii), interest and income money described in 20-9-341 and 20-9-342; and

(ii) an amount of money equal to the income money attributable to the difference between the average sale value of 18 million board feet and the total income produced from the annual timber harvest on common school trust lands during the fiscal year, which is statutorily appropriated, pursuant to 20-9-534, to be used for the purposes of 20-9-533;

(b) investment income earned by investing interest and income money described in 20-9-341 and 20-9-342."

Section 13. Section 20-9-344, MCA, is amended to read:

"20-9-344. Duties of board of public education for distribution of BASE aid. (1) The board of public education shall administer and distribute the BASE aid and state advances for county equalization in the manner and with the powers and duties provided by law. The board of public education:

(a) shall adopt policies for regulating the distribution of BASE aid and state advances for county equalization in accordance with the provisions of law;

(b) may require reports from the county superintendents, county treasurers, and trustees that it considers necessary; and

(c) shall order the superintendent of public instruction to distribute the BASE aid on the basis of each

1 district's annual entitlement to the aid as established by the superintendent of public instruction. In ordering the
2 distribution of BASE aid, the board of public education may not increase or decrease the BASE aid distribution
3 to any district on account of any difference that may occur during the school fiscal year between budgeted and
4 actual receipts from any other source of school revenue.

5 (2) The board of public education may order the superintendent of public instruction to withhold
6 distribution of BASE aid from a district when the district fails to:

7 (a) submit reports or budgets as required by law or rules adopted by the board of public education; or

8 (b) maintain accredited status.

9 (3) Prior to any proposed order by the board of public education to withhold distribution of BASE aid or
10 county equalization money, the district is entitled to a contested case hearing before the board of public
11 education, as provided under the Montana Administrative Procedure Act.

12 (4) If a district or county receives more BASE aid than it is entitled to, the county treasurer shall return
13 the overpayment to the state upon the request of the superintendent of public instruction in the manner prescribed
14 by the superintendent of public instruction.

15 (5) Except as provided in 20-9-347(2), the BASE aid payment must be distributed according to the
16 following schedule:

17 (a) from August to October of the school fiscal year, to each district 10% of:

18 (i) direct state aid;

19 (ii) the total quality educator payment;

20 (iii) the total at-risk student payment;

21 (iv) the total Indian education for all payment; and

22 (v) the total American Indian achievement gap payment;

23 (b) from December to April of the school fiscal year, to each district 10% of:

24 (i) direct state aid;

25 (ii) the total quality educator payment;

26 (iii) the total at-risk student payment;

27 (iv) the total Indian education for all payment; and

28 (v) the total American Indian achievement gap payment;

29 ~~(c) in November of the school fiscal year, one-half of the guaranteed tax base aid payment to each~~
30 ~~district or county that has submitted a final budget to the superintendent of public instruction in accordance with~~

1 ~~the provisions of 20-9-134;~~

2 ~~—— (d) in May of the school fiscal year, the remainder of the guaranteed tax base aid payment to each district~~
3 ~~or county; and~~

4 ~~(e)(c)~~ in June of the school fiscal year, the remaining payment to each district of direct state aid, the total
5 quality educator payment, the total at-risk student payment, the total Indian education for all payment, and the
6 total American Indian achievement gap payment.

7 (6) The distribution provided for in subsection (5) must occur by the last working day of each month."
8

9 **Section 14.** Section 20-9-346, MCA, is amended to read:

10 **"20-9-346. Duties of superintendent of public instruction for state and county equalization aid**
11 **distribution.** The superintendent of public instruction shall administer the distribution of the state and county
12 equalization aid by:

13 (1) establishing the annual entitlement of each district and county to state and county equalization aid,
14 based on the data reported in the retirement, general fund, and debt service fund budgets for each district that
15 have been adopted for the current school fiscal year and verified by the superintendent of public instruction;

16 (2) for the purposes of state advances and reimbursements for school facilities, limiting the distribution
17 to no more than the amount appropriated for the school fiscal year to the districts that are eligible under the
18 provisions of 20-9-366, 20-9-367, and 20-9-369 through 20-9-371 by:

19 (a) determining the debt service payment obligation in each district for debt service on bonds that were
20 sold as provided in 20-9-370(3) that qualify for a state advance or reimbursement for school facilities under the
21 provisions of 20-9-366, 20-9-367, ~~through~~ 20-9-369, and 20-9-370;

22 (b) based on the limitation of state equalization aid appropriated for debt service purposes, determining
23 the state advance for school facilities and the proportionate share of state reimbursement for school facilities that
24 each eligible district must receive for the school fiscal year; and

25 (c) distributing that amount by May 31 of each school fiscal year to each eligible district for reducing the
26 property tax for the debt service fund for the ensuing school fiscal year;

27 (3) distributing by electronic transfer the BASE aid and state advances for county equalization, for each
28 district or county entitled to the aid, to the county treasurer of the respective county for county equalization or to
29 the county treasurer of the county where the district is located or to the investment account identified by the
30 applicable district for BASE aid, in accordance with the distribution ordered by the board of public education;

(4) keeping a record of the full and complete data concerning money available for state equalization aid, state advances for county equalization, and the entitlements for BASE aid of the districts of the state;

(5) reporting to the board of public education the estimated amount that will be available for state equalization aid; and

(6) reporting to the office of budget and program planning, as provided in 17-7-111:

(a) the figures and data available concerning distributions of state and county equalization aid during the preceding 2 school fiscal years;

(b) the amount of state equalization aid then available;

(c) the apportionment made of the available money but not yet distributed;

(d) the latest estimate of accruals of money available for state equalization aid; and

(e) the amount of state advances and repayment for county equalization."

Section 15. Section 20-9-347, MCA, is amended to read:

"20-9-347. Distribution of BASE aid and special education allowable cost payments in support of BASE funding program -- exceptions. (1) The superintendent of public instruction shall:

(a) supply the county treasurer and the county superintendent with a monthly report of the payment of BASE aid in support of the BASE funding program of each district of the county;

(b) in the manner described in 20-9-344, provide for a state advance to each county in an amount that is no less than the amount anticipated to be raised for the elementary and high school county equalization funds as provided in 20-9-331 and 20-9-333 and BASE aid funds as provided in [section 11]; and

(c) adopt rules to implement the provisions of subsection (1)(b).

(2) (a) The superintendent of public instruction is authorized to adjust the schedule prescribed in 20-9-344 for distribution of the BASE aid payments if the distribution will cause a district to register warrants under the provisions of 20-9-212(8).

(b) To qualify for an adjustment in the payment schedule, a district shall demonstrate to the superintendent of public instruction, in the manner required by the office, that the payment schedule prescribed in 20-9-344 will result in insufficient money available in all funds of the district to make payment of the district's warrants. The county treasurer shall confirm the anticipated deficit. This section may not be construed to authorize the superintendent of public instruction to exceed a district's annual payment for BASE aid.

(3) The superintendent of public instruction shall:

1 (a) distribute special education allowable cost payments to districts; and

2 (b) supply the county treasurer and the county superintendent of schools with a report of payments for
3 special education allowable costs to districts of the county."

4
5 **Section 16.** Section 20-9-351, MCA, is amended to read:

6 **"20-9-351. Funding of deficiency in BASE aid.** If the money available for BASE aid is not the result
7 of a reduction in spending under 17-7-140 and is not sufficient to provide the ~~guaranteed tax base aid required~~
8 ~~under 20-9-366 through 20-9-369~~ and BASE aid support determined under 20-9-347, the superintendent of public
9 instruction shall request the budget director to submit a request for a supplemental appropriation in the second
10 year of the biennium that is sufficient to complete the funding of BASE aid for the elementary and high school
11 districts for the current biennium."

12
13 **Section 17.** Section 20-9-366, MCA, is amended to read:

14 **"20-9-366. Definitions.** As used in 20-9-366, 20-9-367, and 20-9-369 through 20-9-371, the following
15 definitions apply:

16 ~~(1) "County retirement mill value per elementary ANB" or "county retirement mill value per high school~~
17 ~~ANB" means the sum of the taxable valuation in the previous year of all property in the county divided by 1,000,~~
18 ~~with the quotient divided by the total county elementary ANB count or the total county high school ANB count~~
19 ~~used to calculate the elementary school districts' and high school districts' current year total per-ANB entitlement~~
20 ~~amounts.~~

21 ~~(2) (a) "District guaranteed tax base ratio" for guaranteed tax base funding for the BASE budget of an~~
22 ~~eligible district means the taxable valuation in the previous year of all property in the district divided by the sum~~
23 ~~of the district's current year BASE budget amount less direct state aid and the state special education allowable~~
24 ~~cost payment.~~

25 ~~(b)~~ (1) "District mill value per ANB", for school facility entitlement purposes, means the taxable valuation
26 in the previous year of all property in the district divided by 1,000, with the quotient divided by the ANB count of
27 the district used to calculate the district's current year total per-ANB entitlement amount.

28 ~~(3)~~ (2) "Facility guaranteed mill value per ANB", for school facility entitlement ~~guaranteed tax base~~
29 purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by
30 140% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state

high school ANB count used to calculate the elementary school districts' and high school districts' current year total per-ANB entitlement amounts.

~~(4) (a) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax base ratio", for guaranteed tax base funding for the BASE budget of an eligible district, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 175% and divided by the total sum of either the state elementary school districts' or the high school districts' current year BASE budget amounts less total direct state aid.~~

~~(b)(3)~~ "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for school retirement guaranteed tax base purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 121% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB amount used to calculate the elementary school districts' and high school districts' current year total per-ANB entitlement amounts."

Section 18. Section 20-9-367, MCA, is amended to read:

"20-9-367. Eligibility to receive guaranteed tax base aid or state advance or reimbursement for school facilities. ~~(1) If the district guaranteed tax base ratio of any elementary or high school district is less than the corresponding statewide elementary or high school guaranteed tax base ratio, the district may receive guaranteed tax base aid based on the number of mills levied in the district in support of up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement, and up to 40% of the special education allowable cost payment budgeted within the general fund budget.~~

~~——— (2) If the county retirement mill value per elementary ANB or the county retirement mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or high school ANB, the county may receive guaranteed tax base aid based on the number of mills levied in the county in support of the retirement fund budgets of the respective elementary or high school districts in the county.~~

~~(3)~~ For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or the district mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or statewide mill value per high school ANB, the district may receive a state advance or reimbursement for school facilities in support of the debt service fund."

Section 19. Section 20-9-369, MCA, is amended to read:

"20-9-369. Duties of superintendent of public instruction and department of revenue. (1) The

superintendent of public instruction shall administer the distribution of guaranteed tax base aid by:

~~(a) providing each school district and county superintendent, by March 1 of each year, with the preliminary statewide and district guaranteed tax base ratios and, by May 1 of each year, with the final statewide and district guaranteed tax base ratios, for use in calculating the guaranteed tax base aid available for the ensuing school fiscal year;~~

~~(b)(a)~~ providing each school district and county superintendent, by March 1 of each year, with the preliminary statewide, county, and district mill values per ANB and, by May 1 of each year, with the final statewide, county, and district mill values per ANB, for use in calculating the ~~guaranteed tax base aid and state~~ advance and reimbursement for school facilities available to ~~counties and~~ districts for the ensuing school fiscal year;

~~(c)(b)~~ requiring each ~~county and~~ district that qualifies and applies for guaranteed tax base aid to report to the county superintendent all budget and accounting information required to administer the guaranteed tax base aid;

~~(d)(c)~~ keeping a record of the complete data concerning appropriations available for guaranteed tax base aid and the entitlements for the aid of the ~~counties and~~ districts that qualify;

~~(e)(d)~~ distributing the guaranteed tax base aid entitlement to each qualified ~~county or~~ district from the appropriations for that purpose.

(2) The superintendent shall adopt rules necessary to implement 20-9-366, 20-9-367, and through 20-9-369.

(3) The department of revenue shall provide the superintendent of public instruction by December 1 of each year a final determination of the taxable value of property within each school district and county of the state reported to the department of revenue based on information delivered to the county clerk and recorder as required in 15-10-305.

~~(4) The superintendent of public instruction shall calculate the district and statewide guaranteed tax base ratios by applying the prior year's direct state aid payment."~~

Section 20. Section 20-9-439, MCA, is amended to read:

"20-9-439. Computation of net levy requirement for general obligation bonds -- procedure when levy inadequate. (1) The county superintendent shall compute the levy requirement for each school district's

1 general obligation debt service fund on the basis of the following procedure:

2 (a) Determine the total money available in the debt service fund for the reduction of the property tax on
3 the district by totaling:

4 (i) the end-of-the-year fund balance in the debt service fund, less any limited operating reserve as
5 provided in 20-9-438;

6 (ii) anticipated interest to be earned by the investment of debt service cash in accordance with the
7 provisions of 20-9-213(4) or by the investment of bond proceeds under the provisions of 20-9-435;

8 (iii) any state advance for school facilities distributed to a qualified district under the provisions of
9 20-9-346, 20-9-370, and 20-9-371;

10 (iv) funds transferred from the impact aid fund established pursuant to 20-9-514 that are authorized by
11 20-9-437(2) to be used to repay the district's bonds; and

12 (v) any other money, including money from federal sources, anticipated by the trustees to be available
13 in the debt service fund during the ensuing school fiscal year from sources such as legally authorized money
14 transfers into the debt service fund or from rental income, ~~excluding any guaranteed tax base aid.~~

15 (b) Subtract the total amount available to reduce the property tax, determined in subsection (1)(a), from
16 the final budget for the debt service fund as established in 20-9-438.

17 (2) The net debt service fund levy requirement determined in subsection (1)(b) must be reported to the
18 county commissioners on the fourth Monday of August by the county superintendent as the net debt service fund
19 levy requirement for the district, and a levy must be made by the county commissioners in accordance with
20 20-9-142.

21 (3) If the board of county commissioners fails in any school fiscal year to make a levy for any issue or
22 series of bonds of a school district sufficient to raise the money necessary for payment of interest and principal
23 becoming due during the next ensuing school fiscal year, in any amounts established under the provisions of this
24 section, the holder of any bond of the issue or series or any taxpayer of the district may apply to the district court
25 of the county in which the school district is located for a writ of mandate to compel the board of county
26 commissioners of the county to make a sufficient levy for payment purposes. If, upon the hearing of the
27 application, it appears to the satisfaction of the court that the board of county commissioners of the county has
28 failed to make a levy or has made a levy that is insufficient to raise the amount required to be raised as
29 established in the manner provided in this section, the court shall determine the amount of the deficiency and
30 shall issue a writ of mandate directed to and requiring the board of county commissioners, at the next meeting

1 for the purpose of fixing tax levies for county purposes, to fix and make a levy against all taxable property in the
2 school district that is sufficient to raise the amount of the deficiency. The levy is in addition to any levy required
3 to be made at that time for the ensuing school fiscal year. Any costs that may be allowed or awarded the
4 petitioner in the proceeding must be paid by the members of the board of county commissioners and may not be
5 a charge against the school district or the county."

6
7 **Section 21.** Section 20-9-501, MCA, is amended to read:

8 **"20-9-501. Retirement costs and retirement fund -- tax levy.** (1) The trustees of a district or the
9 management board of a cooperative employing personnel who are members of the teachers' retirement system
10 or the public employees' retirement system or who are covered by unemployment insurance or who are covered
11 by any federal social security system requiring employer contributions shall establish a retirement fund for the
12 purposes of budgeting and paying the employer's contributions to the systems as provided in subsection (2)(a).
13 The district's or the cooperative's contribution for each employee who is a member of the teachers' retirement
14 system must be calculated in accordance with Title 19, chapter 20, part 6. The district's or the cooperative's
15 contribution for each employee who is a member of the public employees' retirement system must be calculated
16 in accordance with 19-3-316. The district's or the cooperative's contributions for each employee covered by any
17 federal social security system must be paid in accordance with federal law and regulation. The district's or the
18 cooperative's contribution for each employee who is covered by unemployment insurance must be paid in
19 accordance with Title 39, chapter 51, part 11.

20 (2) (a) The district or the cooperative shall pay the employer's contributions to the retirement, federal
21 social security, and unemployment insurance systems from the retirement fund for the following:

22 (i) a district employee whose salary and health-related benefits, if any health-related benefits are
23 provided to the employee, are paid from state or local funding sources;

24 (ii) a cooperative employee whose salary and health-related benefits, if any health-related benefits are
25 provided to the employee, are paid from the cooperative's interlocal agreement fund if the fund is supported solely
26 from districts' general funds and state special education allowable cost payments, pursuant to 20-9-321, or are
27 paid from the miscellaneous programs fund, provided for in 20-9-507, from money received from the medicaid
28 program, pursuant to 53-6-101;

29 (iii) a district employee whose salary and health-related benefits, if any health-related benefits are
30 provided to the employee, are paid from the district's school food services fund provided for in 20-10-204; and

(iv) a district employee whose salary and health-related benefits, if any health-related benefits are provided to the employee, are paid from the district impact aid fund, pursuant to 20-9-514.

(b) For an employee whose benefits are not paid from the retirement fund, the district or the cooperative shall pay the employer's contributions to the retirement, federal social security, and unemployment insurance systems from the funding source that pays the employee's salary.

(3) The trustees of a district required to make a contribution to a system referred to in subsection (1) shall include in the retirement fund of the final budget the estimated amount of the employer's contribution. After the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to the systems in accordance with the financial administration provisions of this title.

(4) When the final retirement fund budget has been adopted, the county superintendent shall establish the ~~levy~~ state funding requirement by:

(a) determining the sum of the money available to reduce the ~~retirement fund levy~~ state funding requirement ~~for retirement~~ by adding:

(i) any anticipated money that may be realized in the retirement fund during the ensuing school fiscal year;

(ii) oil and natural gas production taxes;

(iii) coal gross proceeds taxes under 15-23-703;

~~(iv) countywide school retirement block grants distributed under 20-9-631;~~

~~(v)~~(iv) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget.

~~(vi)~~(v) any other revenue anticipated that may be realized in the retirement fund during the ensuing school fiscal year, ~~excluding any guaranteed tax base aid; and~~

(b) ~~notwithstanding the provisions of subsection (9);~~ subtracting the money available for reduction of the ~~levy~~ state funding requirement, as determined in subsection (4)(a), from the budgeted amount for expenditures in the final retirement fund budget.

(5) The county superintendent shall:

1 ~~———(a) total the net retirement fund levy~~ state funding requirements for retirement separately for all
2 elementary school districts, all high school districts, and ~~all community college districts of the county, including~~
3 any prorated joint district or special education cooperative agreement ~~levy requirements; and~~

4 ~~———(b) report each levy requirement to the county commissioners on the fourth Monday of August as the~~
5 ~~respective county levy requirements for elementary district, high school district, and community college district~~
6 ~~retirement funds.~~

7 ~~(6) The county commissioners shall fix and set the county levy or district levy in accordance with~~
8 ~~20-9-142.~~

9 ~~———(7) The net retirement fund levy requirement for a joint elementary district or a joint high school district~~
10 ~~must be prorated to each county in which a part of the district is located in the same proportion as the district ANB~~
11 ~~of the joint district is distributed by pupil residence in each county. The county superintendents of the counties~~
12 ~~affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.~~

13 ~~———(8) The net retirement fund levy requirement for districts that are members of special education~~
14 ~~cooperative agreements must be prorated to each county in which the district is located in the same proportion~~
15 ~~as the special education cooperative budget is prorated to the member school districts. The county~~
16 ~~superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each~~
17 ~~county in the same manner as provided in 20-9-151, and the county commissioners shall fix and levy the net~~
18 ~~retirement fund levy for each county in the same manner as provided in 20-9-152.~~

19 ~~———(9) The county superintendent shall calculate the number of mills to be levied on the taxable property~~
20 ~~in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection~~
21 ~~(5)(a) by the sum of:~~

22 ~~———(a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified~~
23 ~~by the superintendent of public instruction; and~~

24 ~~———(b) the taxable valuation of the district divided by 1,000.~~

25 ~~(+0)(6)~~ The county levy for a community college district may be applied only to property within the district
26 and must be computed by the county superintendent.

27 ~~(+1)(7)~~ The county superintendent of each county shall submit a report of the revenue amounts used to
28 establish the levy state funding requirements for county school funds supporting elementary and high school
29 district retirement obligations to the superintendent of public instruction not later than the second Monday in
30 September. The report must be completed on forms supplied by the superintendent of public instruction.

(8) There is a levy of 35 mills imposed by the county commissioners of each county on all taxable property within the county, except property for which a tax or fee is required under 61-3-321(2) or (3), 61-3-529, 61-3-537, 61-3-562, 61-3-570, and 67-3-204. Proceeds of the levy must be remitted to the department of revenue, as provided in 15-1-504, and must be deposited to the credit of the state general fund for distribution to schools for making the retirement contributions for the school districts of Montana. The office of public instruction shall distribute retirement amounts on a monthly basis."

Section 22. Section 20-9-515, MCA, is amended to read:

"20-9-515. Litigation reserve fund. (1) The trustees of a school district may establish a litigation reserve fund only when litigation that is pending against the district could result in an award against the district.

(2) At the end of each school fiscal year, the trustees of a district may transfer money from the general fund, within the adopted budget, to establish the fund.

(3) Upon conclusion of litigation, the balance of the money in the fund reverts to the general fund ~~and must be used to reduce the district's general fund BASE budget levy requirement computed pursuant to 20-9-141."~~

Section 23. Section 20-9-620, MCA, is amended to read:

"20-9-620. Definition. (1) As used in 20-9-621, 20-9-622, and this section, "distributable revenue" means, except for that portion of revenue described in ~~20-9-343(4)(a)(ii)~~ 20-9-343(3)(a)(ii) and available on or after July 1, 2003, 77-1-607, and 77-1-613, 95% of all revenue from the management of school trust lands and the permanent fund, including timber sale proceeds, lease fees, interest, dividends, and net realized capital gains.

(2) The term does not include mineral royalties or land sale proceeds that are deposited directly in the permanent fund or net unrealized capital gains that remain in the permanent fund until realized."

Section 24. Section 20-9-630, MCA, is amended to read:

"20-9-630. School district block grants. (1) (a) The office of public instruction shall provide a block grant to each school district based on the revenue received by each district in fiscal year 2001 from vehicle taxes and fees, corporate license taxes paid by financial institutions, aeronautics fees, state land payments in lieu of taxes, and property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999.

(b) Block grants must be calculated using the electronic reporting system that is used by the office of public instruction and school districts. The electronic reporting system must be used to allocate the block grant amount into each district's budget as an anticipated revenue source by fund.

(c) With the exception of vehicle taxes and fees, the office of public instruction shall use the amount actually received from the sources listed in subsection (1)(a) in fiscal year 2001 in its calculation of the block grant for fiscal year 2002 budgeting purposes. For vehicle taxes and fees, the office of public instruction shall use 93.4% of the amount actually received in fiscal year 2001 in calculating the block grant for fiscal year 2002.

(2) If the fiscal year 2003 appropriation provided in section 248(1), Chapter 574, Laws of 2001, is insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of public instruction shall prorate the block grants to meet the remaining appropriation. School districts shall anticipate the prorated block grant amounts provided by the office of public instruction in their budgets for fiscal year 2003.

(3) Each year, 70% of each district's block grant must be distributed in November and 30% of each district's block grant must be distributed in May ~~at the same time that guaranteed tax base aid is distributed.~~

(4) (a) The block grant for the district general fund is equal to the average amount received in fiscal years 2002 and 2003 by the district general fund from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.

(b) The block grant for the district transportation fund is equal to one-half of the average amount received in fiscal years 2002 and 2003 by the district transportation fund from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.

(c) (i) The combined fund block grant is equal to the average amount received in fiscal years 2002 and 2003 by the district tuition, bus depreciation reserve, building reserve, nonoperating, and adult education funds from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.

(ii) The school district may deposit the combined fund block grant into any budgeted fund of the district."

Section 25. Section 20-10-104, MCA, is amended to read:

"20-10-104. Penalty for violating law or rules. (1) Every district, its trustees and employees, and every person under a transportation contract with a district is subject to the policies prescribed by the board of public education and the rules prescribed by the superintendent of public instruction. When a district knowingly violates

1 a transportation law or board of public education transportation policy, the district shall forfeit any reimbursement
2 otherwise payable under 20-10-145 and 20-10-146 for any bus miles actually traveled during that fiscal year in
3 violation of the law or policies.

4 (2) A district knowingly violates a transportation law or board of public education policy when it operates
5 a bus route in a manner that does not comply with state law or board policy related to student safety. As provided
6 in 20-10-141(1), a district that operates a bus route not approved by its county transportation committee may not
7 receive transportation reimbursement on that route, but if the route is operated in compliance with transportation
8 law, the operation of the routes is not a violation that will result in the forfeiture of all transportation aid to the
9 district.

10 (3) The ~~county~~ superintendent of public instruction shall suspend all reimbursements payable to the
11 district under 20-10-145 and 20-10-146 for all miles being traveled, including both miles being traveled in
12 compliance with the transportation laws or policies and miles being traveled in violation of the transportation laws
13 or policies, until the district corrects the violation. When the district corrects the violation, the ~~county~~
14 superintendent of public instruction shall pay all reimbursements otherwise payable under 20-10-145 and
15 20-10-146, including amounts suspended during the violation, but the amount forfeited under subsection (1) may
16 not be paid to the district.

17 (4) When a person operating a bus under contract with a district knowingly fails to comply with the
18 transportation law or the board of public education transportation policies, the district may not pay the person for
19 any bus miles traveled during the contract year in violation of law or policies. Upon discovering a violation, the
20 trustees of the district shall give written notice to the person that unless the violation is corrected within 10 days
21 of the giving of notice, the contract will be canceled. The trustees of a district shall order the operation of a bus
22 operated under contract suspended when the bus is being operated in violation of transportation law or policies
23 and the trustees find that the violation jeopardizes the safety of pupils."
24

25 **Section 26.** Section 20-10-144, MCA, is amended to read:

26 **"20-10-144. Computation of revenue and ~~net tax levy~~ funding requirements for district**
27 **transportation fund budget -- tax levy.** Before the second Monday of August, the county superintendent shall
28 compute the revenue available to finance the transportation fund budget of each district. The county
29 superintendent shall compute the revenue for each district on the following basis:

30 (1) The "schedule amount" of the budget expenditures that is derived from the rate schedules in

1 20-10-141 and 20-10-142 must be determined by adding the following amounts:

2 (a) the sum of the maximum reimbursable expenditures for all approved school bus routes maintained
3 by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate for each bus mile
4 by the total number of miles to be traveled during the ensuing school fiscal year on each bus route approved by
5 the county transportation committee and maintained by the district); plus

6 (b) the total of all individual transportation per diem reimbursement rates for the district as determined
7 from the contracts submitted by the district multiplied by the number of pupil-instruction days scheduled for the
8 ensuing school attendance year; plus

9 (c) any estimated costs for supervised home study or supervised correspondence study for the ensuing
10 school fiscal year; plus

11 (d) the amount budgeted in the budget for the contingency amount permitted in 20-10-143, except if the
12 amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the
13 contingency amount on the budget must be reduced to the limitation amount and used in this determination of
14 the schedule amount; plus

15 (e) any estimated costs for transporting a child out of district when the child has mandatory approval to
16 attend school in a district outside the district of residence.

17 (2) (a) The schedule amount determined in subsection (1) or the total transportation fund budget,
18 whichever is smaller, is ~~divided by 2 and is~~ used to determine the available state ~~and county~~ revenue ~~to be~~
19 ~~budgeted on the following basis:~~

20 ~~—— (i) one-half is for the budgeted state transportation reimbursement; and~~

21 ~~—— (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the~~
22 ~~manner provided in 20-10-146.~~

23 (b) When the district has a sufficient amount of fund balance for reappropriation and other sources of
24 district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero, any
25 remaining amount of district revenue and fund balance reappropriated must be used ~~to reduce the county~~
26 ~~financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to reduce~~
27 ~~the state financial obligation in subsection (2)(a)(i).~~

28 (c) The county revenue requirement for a joint district, after the application of any district money under
29 subsection (2)(b), must be prorated to each county incorporated by the joint district in the same proportion as the
30 ANB of the joint district is distributed by pupil residence in each county.

(3) The total of the money available for the reduction of property tax on the district for the transportation fund must be determined by totaling:

(a) anticipated federal money received under the provisions of 20 U.S.C. 7701, et seq., or other anticipated federal money received in lieu of that federal act;

(b) anticipated payments from other districts for providing school bus transportation services for the district;

(c) anticipated payments from a parent or guardian for providing school bus transportation services for a child;

(d) anticipated or reappropriated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4);

(e) anticipated revenue from coal gross proceeds under 15-23-703;

(f) anticipated oil and natural gas production taxes;

(g) anticipated local government severance tax payments for calendar year 1995 production;

(h) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320 through 20-5-324;

(i) school district block grants distributed under 20-9-630;

(j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year that may be used to finance the transportation fund; and

(k) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and is for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

(4) The district levy requirement for each district's transportation fund must be computed by:

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount; and

(b) subtracting the amount of money available to reduce the property tax on the district, as determined in subsection (3), from the amount determined in subsection (4)(a).

(5) The transportation fund levy requirements determined in subsection (4) for each district must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the district

1 transportation fund levy requirements for the district, and the levy must be made by the county commissioners
2 in accordance with 20-9-142.

3 (6) There is a levy of 5 mills imposed by the county commissioners of each county on all taxable property
4 within the county, except property for which a tax or fee is required under 61-3-321(2) or (3), 61-3-529, 61-3-537,
5 61-3-562, 61-3-570, and 67-3-204. Proceeds of the levy must be remitted to the department of revenue, as
6 provided in 15-1-504, and must be deposited to the credit of the state general fund for distribution to the public
7 schools of Montana to fund transportation programs. The office of public instruction shall distribute the state
8 payments for transportation to the school districts pursuant to 20-10-145."

9
10 **Section 27.** Section 20-10-145, MCA, is amended to read:

11 **"20-10-145. State transportation reimbursement.** (1) A district providing school bus transportation or
12 individual transportation in accordance with this title, board of public education transportation policy, and
13 superintendent of public instruction transportation rules must receive a state reimbursement of its transportation
14 expenditures under the transportation reimbursement rate provisions of 20-10-141 and 20-10-142. The state
15 transportation reimbursement is ~~one-half of the reimbursement amounts established in 20-10-141 and 20-10-142~~
16 ~~or one-half of the district's transportation fund budget, whichever is smaller,~~ and must be computed on the basis
17 of the number of days the transportation services were actually rendered, not to exceed 180 pupil-instruction
18 days. In determining the amount of the state transportation reimbursement, an amount claimed by a district may
19 not be considered for reimbursement unless the amount has been paid in the regular manner provided for the
20 payment of other financial obligations of the district.

21 (2) Requests for the state transportation reimbursement must be made by each district semiannually
22 during the school fiscal year on the claim forms and procedure promulgated by the superintendent of public
23 instruction. The claims for state transportation reimbursements must be routed by the district to the county
24 superintendent, who after reviewing the claims shall send them to the superintendent of public instruction. The
25 superintendent of public instruction shall establish the validity and accuracy of the claims for the state
26 transportation reimbursements by determining compliance with this title, board of public education transportation
27 policy, and the transportation rules of the superintendent of public instruction. After making any necessary
28 adjustments to the claims, the superintendent of public instruction shall order a disbursement from the state
29 money appropriated by the legislature of the state of Montana for the state transportation reimbursement. The
30 payment of all the district's claims within one county must be made to the county treasurer of the county, and the

1 county superintendent shall apportion the payment in accordance with the apportionment order supplied by the
2 superintendent of public instruction.

3 (3) After adopting a budget amendment for the transportation fund in accordance with 20-9-161 through
4 20-9-166, the district shall send to the superintendent of public instruction a copy of each new or amended
5 individual transportation contract and each new or amended bus route form to which the budget amendment
6 applies. State reimbursement for the additional obligations must be paid as provided in subsection (1)."

7
8 **Section 28.** Section 20-10-146, MCA, is amended to read:

9 **"20-10-146. County transportation reimbursement.** (1) The apportionment of the county transportation
10 reimbursement by the county superintendent for school bus transportation or individual transportation that is
11 actually rendered by a district in accordance with this title, board of public education transportation policy, and
12 the transportation rules of the superintendent of public instruction must be the same as the state transportation
13 reimbursement payment, except that:

14 (a) if any cash was used to reduce the budgeted county transportation reimbursement under the
15 provisions of 20-10-144(2)(b), the annual apportionment is limited to the budget amount;

16 (b) when the county transportation reimbursement for a school bus has been prorated between two or
17 more counties because the school bus is conveying pupils of more than one district located in the counties, the
18 apportionment of the county transportation reimbursement must be adjusted to pay the amount computed under
19 the proration; and

20 (c) when county transportation reimbursement is required under the mandatory attendance agreement
21 provisions of 20-5-321.

22 (2) The county ~~transportation net levy requirement for the financing of the county transportation fund~~
23 ~~reimbursements to districts is computed by:~~

24 ~~—— (a) totaling the net requirement for all districts of the county, including reimbursements to a special~~
25 ~~education cooperative or prorated reimbursements to joint districts or reimbursements under the mandatory~~
26 ~~attendance agreement provisions of 20-5-321;~~

27 ~~—— (b) determining the sum of the money available to reduce the county transportation net levy requirement~~
28 ~~by adding~~ consists of:

29 ~~(i)(a)~~ (a) anticipated money that may be realized in the county transportation fund during the ensuing school
30 fiscal year;

(ii)(b) oil and natural gas production taxes;

(iii)(c) anticipated local government severance tax payments for calendar year 1995 production;

(iv)(d) coal gross proceeds taxes under 15-23-703;

(v)(e) countywide school transportation block grants distributed under 20-9-632;

(vi)(f) any fund balance available for reappropriation from the end-of-the-year fund balance in the county transportation fund;

(vii)(g) federal forest reserve funds allocated under the provisions of 17-3-213; and

(viii)(h) other revenue anticipated that may be realized in the county transportation fund during the ensuing school fiscal year; ~~and~~

~~—— (c) subtracting the money available, as determined in subsection (2)(b), to reduce the levy requirement from the county transportation net levy requirement.~~

~~(3) The net levy requirement determined in subsection (2)(c) must be reported to the county commissioners on the fourth Monday of August by the county superintendent, and a levy must be set by the county commissioners in accordance with 20-9-142.~~

~~(4)(3) The county superintendent of each county shall submit a report of the revenue amounts used to establish the levy requirements available for distribution to the superintendent of public instruction not later than the second Monday in September. The report must be completed on forms supplied by the superintendent of public instruction.~~

~~(5)(4) The county superintendent shall apportion the county transportation reimbursement from the proceeds of the county transportation fund. The county superintendent shall order the county treasurer to make the apportionments in accordance with 20-9-212(2) and after the receipt of the semiannual state transportation reimbursement payments."~~

NEW SECTION. Section 29. Appropriations. (1) There is appropriated \$120 million from the state general fund to the office of public instruction to be distributed to school districts for BASE aid.

(2) There is appropriated \$70 million from the state general fund to the office of public instruction to be distributed to school districts for paying school district contributions for retirement obligations.

(3) There is appropriated \$10 million from the state general fund to the office of public instruction to be distributed to school districts for transportation funding.

NEW SECTION. **Section 30. Repealer.** Section 20-9-368, MCA, is repealed.

NEW SECTION. **Section 31. Codification instruction.** [Section 11] is intended to be codified as an part of Title 20, chapter 9, part 3, and the provisions of Title 20, chapter 9, part 3, apply to [section 11].

NEW SECTION. **Section 32. Effective dates.** (1) Except as provide in subsection (2), [this act] is effective July 1, 2008.

(2) [Sections 10, 20, and 24 and this section] are effective on passage and approval.

NEW SECTION. Section 33. Applicability -- retroactive applicability. (1) [This act] applies to school fiscal years beginning July 1, 2008.

(2) The state property tax levies in [sections 11, 21, and 26] apply retroactively, within the meaning of 1-2-109, to property tax years beginning after December 31, 2006.

- END -